

Appendix IV Test 3

Anywhere Telecommunications Inc

Schedules tested within Form 20C:

Schedule A

Schedule B

Schedule D-1

Other Information

Required Attachments:

AL8453C.PDF

ALSchedule AB.PDF

Federal1120.PDF

AL_ScheduleD1_STMT1.pdf

ALABAMA DEPARTMENT OF REVENUE
Corporation Income Tax ReturnCY ☐
FY ☒
SY ☐

2005

For the year January 1 – December 31, 2005, or other tax year beginning February 1, 2005, ending January 31, 2006

Check
applicable
box:

- ☐ Initial
return
- ☐ Final
return
- ☐ Amended
return
- ☐ Address
change

FEDERAL BUSINESS CODE NUMBER ▶ 213110		FEDERAL EMPLOYER IDENTIFICATION NUMBER ▶ 11-0000003	
NAME ▶ ANYWHERE TELECOMMUNICATIONS INC			
ADDRESS ▶ 33 ANY STREET			
CITY, STATE, COUNTRY (IF NOT U.S.) ▶ ANYTOWN, NC		9-DIGIT ZIP CODE ▶ 58204-0000	
STATE OF INCORPORATION ▶ DE	DATE OF INCORPORATION 05/12/2000	DATE QUALIFIED IN ALABAMA 05/12/2005	NATURE OF BUSINESS IN ALABAMA Oilfield Service
Check Applicable: <input type="checkbox"/> This company files as part of a consolidated federal return. Common parent corporation: (See page 4, "Other Information," item 5.)			
▶ Name		▶ FEIN	
<input type="checkbox"/> Notification of Final IRS change		<input type="checkbox"/> Federal Form 1120-REIT filed	
		<input type="checkbox"/> 7004 Attached	

Filing Status: (see instructions)

- ☐ 1. Corporation operating only in Alabama.
- ☒ 2. Multistate Corporation – Apportionment (Sch. D-1).
- ☐ 3. Multistate Corporation – Percentage of Sales (Sch. D-2).
- ☐ 4. Multistate Corporation – Separate Accounting (Prior written approval required and must be attached).
- ☐ 5. Alabama Consolidated Return. (Caution: see instructions)

ATTACH CHECK OR MONEY ORDER HERE

1	FEDERAL TAXABLE INCOME (see instructions)	1	-25,582,942
2	Federal Net Operating Loss (included in line 1)	2	
3	Reconciliation adjustments (from line 25, Schedule A)	3	28,651,015
4	Federal taxable income adjusted to Alabama Basis (add lines 1, 2 and 3)	4	3,068,073
5	Net nonbusiness (income)/loss – Everywhere (from Schedule C, line 2, col. E)	5	
6	Apportionable income (add lines 4 and 5)	6	3,068,073
7	Alabama apportionment factor (from line 26, Schedule D-1)	7	0.3075 %
8	Income apportioned to Alabama (multiply line 6 by line 7)	8	9,434
9	Net nonbusiness income/(loss) – Alabama (from Schedule C, line 2, col. F)	9	
10	Alabama income before federal income tax deduction (line 8 plus line 9)	10	9,434
11	Federal income tax deduction/(refund) (from line 7, Schedule E)	11	
12	Alabama income before net operating loss (NOL) carryforward (line 10 less line 11)	12	9,434
13	Alabama NOL deduction (see instructions)	13	9434
14	Alabama taxable income (line 12 less line 13)	14	
15	Alabama Income Tax:	CN	
a	Income Tax (6.5% of line 14 or Schedule D-2, line 4)	15a	0
b	Consolidated Filing Fee (Schedule G)	15b	
c	Total Tax (add lines 15a and 15b)	15c	0
16	Tax Payments, Credits, and Deferral:		
a	Carryover from prior year (2004)	16a	10,100
b	2005 estimated tax payments	16b	
c	2005 composite payment(s) made on behalf of this entity (see instructions)	16c	
	Paid by _____ FEIN _____		
d	Payments made with extension (Form 20E)	16d	
e	Payments prior to adjustment	16e	
f	Credits (from line 7, Schedule F)	16f	
g	LIFO Reserve Tax Deferral (see instructions)	16g	
h	Total Payments, Credits, and Deferral (add lines 16a through 16g)	16h	10,100
17	Reductions/applications of overpayments		
a	Credit to 2006 estimated tax	17a	10,100
b	Penny Trust Fund	17b	
c	Penalty due (see instructions)	17c	
d	Interest due (computed on tax due only)	17d	
e	Total reductions (total lines 17a, b, c and d)	17e	10,100
18	Total amount due/(refund) (line 15c less 16h, plus 17e)	18	0
19	Enter amount of check or money order attached to this return (enter zero if paid by EFT, E-check or credit card)	19	

a Indicate payment type: ☐ EFT ☐ E-check ☐ Credit Card ☐ Check or money order attached☒ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please
Sign
Here

▶ Howard Smith

Tres/VP

▶ 4/15/06 (582) 756-8400

Signature

Title

Date

Daytime Telephone No.

Paid
Preparer's
Use OnlyPreparer's
signature

Date

Check if
self-employed ☐

Preparer's Social Security Number

Firm's name (or yours,
if self-employed)
and address

NON PAID PREPARER

Tel. No. ()

E.I. No. ▶

ZIP Code ▶

Reconciliation Adjustments of Federal Taxable Income to Alabama Taxable Income

ADDITIONS

1	State and local income taxes	1		
2	Federal exempt interest income (other than Alabama) on state, county and municipal obligations (everywhere)	2		
3	Dividends from corporations in which the taxpayer owns less than 20 percent of stock to the extent properly deducted on federal income tax return (see instructions)	3		
4	Federal depreciation on pollution control items previously deducted for Alabama (see instructions – Note: for equipment placed in service during taxable years beginning prior to 1/1/2001)	4		
5	Net income from foreclosure property pursuant to §10-13-21 (real estate investment trust)	5		
6	Related members interest or intangible expenses or costs. From Schedule AB (see instructions).			
	Total Payments 6a 34,558,514 minus Exempt Amount 6b equals	6c	34,558,514	
7		7		
8		8		
9	Total additions (add lines 1 through 8)	9	34,558,514	

10	Refunds of state and local income taxes (due to overpayment or over accrual on the federal return)	10		
11	Interest income earned on direct obligations of the United States	11		
12	Interest income earned on obligations of Alabama or its subdivisions or instrumentalities to extent included in federal income tax return (see instructions)	12		
13	Interest income earned on obligations issued prior to 12/31/1994 of this state or its subdivisions or instrumentalities pursuant to §40-9B-7, to extent included in federal income tax return	13		
14	Aid or assistance provided to the Alabama State Industrial Development Authority pursuant to §41-10-44.8(d)	14		
15	Expenses not deductible on federal income tax return due to election to claim a federal tax credit	15		
16	Dividends described in 26 U.S.C. §78 from corporations in which taxpayer owns more than 20% of stock (see instructions)	16	1,790,173	
17	Dividend income – more than 20% stock ownership (including that described in 26 U.S.C. §951) from non-U.S. corporations to extent dividend income would be deductible under 26 U.S.C. §243 if received from domestic corporations.	17	4,117,326	
18	Dividends received from foreign sales corporations as determined in U.S.C. §922 (see instructions)	18		
19	Interest portion of rent paid under lease agreements entered into prior to January 1, 1995, relating to obligations of this state and its subdivisions pursuant to §40-9B-7(c) through (e) (see instructions)	19		
20	Amount of the oil/gas depletion allowance provided by §40-18-16 that exceeds the federal allowance (see instructions)	20		
21	_____	21		
22	_____	22		
23	_____	23		
24	Total deductions (add lines 10 through 23) ►	24	5,907,499	
25	TOTAL RECONCILIATION ADJUSTMENTS (subtract line 24 from line 9 above) Enter here and on line 3, page 1 (enclose a negative amount in parentheses) ►	25	28,651,015	

Alabama Net Operating Loss Carryforward Calculation (§40-18-35.1, Code of Alabama 1975)

Column 1	Column 2	Column 3	Column 4	Column 5
Year of loss	Amount of Alabama net operating loss	Amount used in years prior to this year	Amount used this year	Remaining unused net operating loss
2002	15,482.00	0.00	9,434.00	6,048.00
Alabama net operating loss (enter here and on line 13, page 1).			9,434.00	

Schedule C**Allocation of Nonbusiness Income, Loss, and Expense – Use only if you checked Filing Status 2, page 1**

Identify by account name and amount, all items of nonbusiness income, loss and expense removed from apportionable income and those items which are directly allocable to Alabama. **Adjustment(s) must also be made for any proration of expenses under Alabama Income Tax Rule 810-27-1-4-.01**, which states, "Any allowable deduction that is applicable to both business and nonbusiness income of the taxpayer shall be prorated to each class of income in determining income subject to tax as provided..." (See instructions.)

DIRECTLY ALLOCABLE ITEMS OF NONBUSINESS INCOME OR LOSS	ALLOCABLE GROSS INCOME / LOSS		RELATED EXPENSE		NET OF RELATED EXPENSE	
	Column A Everywhere	Column B Alabama	Column C Everywhere	Column D Alabama	Column E Everywhere	Column F Alabama
1a						
b						
c						
d						
e						
2 NET NONBUSINESS INCOME / LOSS					Column E	Column F
Enter Column E total ((income)/(loss)) on line 5 of page 1. Enter Column F total ((income)/(loss)) on line 9 of page 1						

Schedule D-1**Apportionment Factor – Use only if you checked Filing Status 2, page 1**

TANGIBLE PROPERTY AT COST FOR PRODUCTION OF BUSINESS INCOME	ALABAMA		EVERYWHERE	
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
1 Inventories			189,018,829	184,421,342
2 Land			16,906,275	16,942,275
3 Furniture and fixtures				
4 Machinery and equipment				
5 Buildings and leasehold improvements				
6 IDB/IRB property (at cost)				
7 Government property (at FMV)				
8 <small>STMT1</small>	1,701,338	904,193	419,094,134	463,919,005
9 Less Construction in progress (if included)				
10 Totals	1,701,338	904,193	625,019,238	665,282,622
11 Average owned property (BOY + EOY ÷ 2)		1,302,766		645,150,930.00
12 Annual rental expense	114,896 x8 =	919,168	19,871,481 x8 =	158,971,848
13 Total average property (add line 11 and line 12)	13a	2,221,934	13b	804,122,778
14 Alabama property factor — 13a ÷ 13b = line 14			14	0.2763 %
SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION RELATED TO THE PRODUCTION OF BUSINESS INCOME	15a	ALABAMA	15b	EVERYWHERE
15 Alabama payroll factor — 15a ÷ 15b = 15c		494,328	244,890,461	0.2019 %
SALES		ALABAMA		EVERYWHERE
16 Destination sales (see instructions)		4,248,352		
17 Origin sales (see instructions)				
18 Total gross receipts from sales		4,248,352	939,118,303	
19 Dividends			6,028,595	
20 Interest			5,597,859	
21 Rents			58,136,000	
22 Royalties			96,416	
23 Gross proceeds from capital and ordinary gains				
24 Other INCOME (Federal 1120, line 10)			18,898	
25 Alabama sales factor — 25a ÷ 25b = line 25c	25a	4,248,352	25b	955,996,071
26 Sum of lines 14, 15c, and 25c ÷ 3 = ALABAMA APPORTIONMENT FACTOR (Enter here and on line 7, page 1)			26	0.3075 %

Schedule D-2**Percentage of Sales – Use only if you checked Filing Status 3, page 1 – See instructions**

DO NOT USE THIS SCHEDULE IF ALABAMA SALES EXCEED \$100,000.

	ALABAMA	EVERYWHERE
1 Destination Sales		
2 Origin Sales		
3 Total gross receipts from sales		
4 Tax due (multiply line 3, Alabama by .0025) (enter here and on page 1, line 15a)		

Schedule E**Federal Income Tax (FIT) Deduction/(Refund)**

- (a) If this corporation is an accrual-basis taxpayer and files a separate (nonconsolidated) federal income tax return with the IRS, enter on line 1 below the amount of federal income tax liability shown on Form 1120. Cash-basis taxpayers filing separate (nonconsolidated) federal returns should enter on line 1 below the amount of federal income tax actually paid during the year.

- (b) If this corporation is a member of an affiliated group which files a

consolidated federal return, indicate the number of the election made under IRC §1552.

☐ 1552(a)(1) ☐ 1552(a)(2) ☐ 1552(a)(3)

☐ No Election Made ☐ Other _____

Attach a copy of the common parent corporation's current 1552 election letter.

Enter on line 1 the amount of the consolidated tax liability allocated to this corporation under the method indicated above. Ignore any supplemental elections under IRC §1502. **Attach a schedule of your computations.**

1	Federal income tax deduction to be apportioned.....▶	1	
2	Alabama income before FIT deduction (from line 10, page 1)	2	9,434.00
3	Federal taxable income adjusted to Alabama basis (from line 4, page 1)	3	3,068,073.00
4	Federal income tax apportionment factor (line 2 divided by line 3)	4	0.3075 %
5	Federal income tax deduction apportioned to Alabama (multiply line 1 by line 4)	5	
6	Refund of federal income tax deducted in prior year(s) (see instructions)	6	
7	NET FEDERAL INCOME TAX DEDUCTION / (REFUND) (subtract line 6 from line 5). Enter here and on line 11, page 1	7	

Schedule F**Credits/Exemptions Caution – See Instructions**

1	Alabama Enterprise Zone Credit/Exemptions	1	
2	Employer Education Credit	2	
3	Income Tax Credit	3	
4	Tax Increment Fund Payment Credit	4	
5	Coal Tax Credit	5	
6	Capital Tax Credit (Project Number(s) _____, _____)	6	
7	TOTAL (add lines 1 through 6). Enter here and on line 16f, page 1	7	

Schedule G**Consolidated Filing Fee**

Complete this schedule if the corporation has elected to file a consolidated return for Alabama. The election is made by filing Form 20C-CRE on or before the due date of the return, including extensions, for the first taxable year for which the election is made.

For tax periods beginning after December 31, 1998, an Alabama affiliated group may elect to file an Alabama consolidated return. Refer to §40-18-39(c)(1), **Code of Alabama 1975**. (See instructions.)

Total Assets of Affiliated Group	Annual Fee
\$0 to \$2,500,000	\$5,000
\$2,500,001 to \$5,000,000	\$10,000
\$5,000,001 to \$7,500,000	\$15,000
\$7,500,001 to \$10,000,000	\$20,000
\$10,000,001 and over	\$25,000

Consolidated Filing Fee. (Enter here and on Line 15b, page 1) _____

(Note: Total assets are those assets indicated on page one of the Federal Form 1120.)

If income from a taxpayer was reported on this return and an Alabama business privilege tax return was filed for the taxpayer under a FEIN different from the one listed on this return, please enter the name and FEIN reported on the Alabama business privilege tax return for each such taxpayer (attach listings as needed):

Name	FEIN

Mail to: Alabama Department of Revenue
Individual and Corporate Tax Division
Corporate Tax Section
PO Box 327430
Montgomery, AL 36132-7430

Other Information

- Briefly describe your Alabama operations. OILFIELD SERVICES
- List locations of property within Alabama (cities and counties).

- List other states in which corporation operates, if applicable. ND
- Indicate your tax accounting method:
☒ Accrual ☐ Cash ☐ Other _____
- If this corporation is a member of an affiliated group which files a consolidated federal return, the following information **must be provided**:
 - Copy of Federal Form 851, Affiliations Schedule.** Identify by asterisk or underline the names of those corporations subject to tax in Alabama.
 - Copy of the spreadsheet of the income statements** for EVERY corporation in the consolidated group.
 - Copy of consolidated Federal Form 1120, pages 1-4**, as filed with the IRS.
- Enter this corporation's federal net income (see instructions for page 1, line 1) for the last three (3) years, as last determined (e.g.: per amended federal return or IRS audit).
2004 4,038,738 2003 253,559 2002 837,955
- Are you currently being audited by the IRS? ☒ Yes ☐ No
- Location of the corporate records:
Street address: 33 ANY STREET
City: ANYTOWN State: ND ZIP: 58204
- Person to contact for information concerning this return:
Name: HOWARD SMITH
Telephone: (582) 756-8400

FORM
AL8453-CALABAMA DEPARTMENT OF REVENUE
INDIVIDUAL & CORPORATE TAX DIVISION**2005****Corporate Income Tax Declaration for Electronic Filing**

To be filed electronically with the corporation's tax return. Do not send paper copies.

For calendar year 2005, or tax year beginning 02/01, 2005, ending 1/31, 2006

NAME OF CORPORATION ANYWHERE TELECOMMUNICATIONS INCORPORATED	FEDERAL EMPLOYER IDENTIFICATION NUMBER 110000003
ADDRESS OF CORPORATION 33 ANY STREET	TELEPHONE NUMBER (582) 756-8400
ANYTOWN, NC 58204-0000	

PART I Tax Return Information (*Whole Dollars Only*)

1 Alabama taxable income (Form 20C, line 14)	1	0
2 Total tax liability (Form 20C, line 15c)	2	0
3 Total payments and credits (Form 20C, line 16h)	3	10,100
4 Refund (negative number reported on Form 20C, line 18)	4	0
5 Amount you owe (positive number reported on Form 20C, line 18)	5	0
6 Amount of payment remitted electronically	6	0

PART II Declaration of Officer (*Sign only after Part I is completed.*)

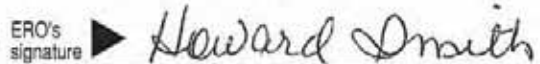
Under penalties of perjury, I declare that I am an officer of the above corporation and that the information I have given my electronic return originator (ERO), transmitter, and/or intermediate service provider (ISP) and the amounts in Part I above agree with the amounts on the corresponding lines of the corporation's 2005 Alabama corporate income tax return. To the best of my knowledge and belief, the corporation's return is true, correct, and complete. I consent to my ERO, transmitter, and/or ISP sending the corporation's return, this declaration, and accompanying schedules and statements to the Alabama Department of Revenue. I also consent to the Alabama Department of Revenue sending my ERO, transmitter, and/or ISP an acknowledgment of receipt of transmission and an indication of whether or not the corporation's return is accepted, and, if rejected, the reason(s) for the rejection.

☒ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Sign Here  Date 04/15/2006 Title TRES/VP
Signature of Officer

PART III Declaration of Electronic Return Originator (ERO) and Paid Preparer (*See Instructions*)

I declare that I have reviewed the above corporation's return and that the entries on Form AL8453-C are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The corporate officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the Alabama Department of Revenue, and have followed all other requirements in Pub. 3112, IRS e-file Application and Participation, and Pub. 4163, Modernized e-File Information for Authorized IRS e-file Providers of Forms 1120/1120S and Pub. AL4164 Software Developers and Transmitters Guidelines and Schemas for Alabama Corporate Income Tax Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above corporation's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only ERO's signature  Date 4/15/2006 Check if also paid preparer ☐ Check if self-employed ☐ ERO's SSN or PTIN 11-0000003
Firm's name (or yours if self-employed), address and ZIP code Anywhere Telecommunications Inc EIN 11 0000003
33 Anystreet, Anytown, NC 58204-0000 Phone No. (582) 756-8400

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid Preparer's Use Only Preparer's signature  Date _____ Check if self-employed ☐ Preparer's SSN or PTIN _____
Firm's name (or yours if self-employed), address and ZIP code NON PAID PREPARER EIN _____
Phone No. () _____

Schedule

AB

(Form 20C)
Rev. 10/05

ALABAMA DEPARTMENT OF REVENUE

Add-Back Form



For the tax period February 01, 2005 through January 01, 2006

Taxpayer Name: ANYWHERE TELECOMMUNICATIONS INC Taxpayer FEIN: 11-0000003

**Information Required by Regulation 810-3-35-.02, Restrictions on the Deductibility
of Certain Intangible Expenses and Costs and Interest Expenses and Costs**

For tax periods beginning after December 31, 2000, if the taxpayer incurred, directly or indirectly, related member intangible expenses and/or related member interest expenses, provide the information requested below.

NOTE: A separate Schedule AB must be completed for each recipient related member.

- 1 List the name, FEIN and address of the recipient related member who received interest/intangible income from the taxpayer.

NOTE: Related member is defined to include a corporation, association, disregarded entity, or subchapter K entity (Alabama Code section 40-18-1(13) and (15)). Disregarded entities and subchapter K entities are related members separate and apart from their owners.

ABC CORPORATION

45 ANY STREET

ANYTOWN, AL 36107

220000072

		Interest Expense		Intangible Expense	
		2A		2B	
2	List the intangible/interest expense amounts that the taxpayer paid to the recipient related member organized by the expense type (interest or intangible). Recipient Related Member Name: <u>ABC CORP</u> . . .	34,558,514	00		00
3	Total Intangible/Interest expenses paid (total lines 2A and 2B). (Enter here and on Form 20C, Schedule A, Line 6a).			3	34,558,514 00
<i>To determine the exempt amount of intangible/interest expense (Form 20C, Schedule A, Line 6b), complete the applicable section(s) below.</i>					
4	Exemption related to §40-18-35(b)(1)				
	A. Jurisdiction(s) where recipient related member income is "subject to tax": _____				
	B. Amount of Line 3 expense not added back	4B			00
	C. Recipient Related Member's Corresponding Intangible/Interest Income Allocated to Jurisdiction	4C			00
	D. Adjusted Intangible/ Interest Amount. Line 4B minus Line 4C.	4D			00
	E. Recipient Related member's total apportionment percentage in the above jurisdiction(s).	4E			%
	F. Adjusted interest/intangible amount. Multiply Line 4D by Line 4E.	4F			00
	G. Add Line 4C and Line 4F	4G			00
5	Exemption related to §40-18-35(b)(2)				
	A. Amount of Line 3 expense not added back.	5A			00
	B. Attach a statement describing taxpayer circumstances that make the adjustments unreasonable. OR Attach the signed Alternative Adjustment Agreement provided for in §40-18-35(b)(2).				
6	Exemption related to §40-18-35(b)(3) Amount of Line 3 expense not added back	6			00
7	Recipient Related Member Receipts by category				
	A Intangible Receipts	7A			00
	B Interest Receipts	7B			00
8	A _____	8A			00
	B _____	8B			00
	C _____	8C			00
9	A If either Lines 7A or 7B are greater than Lines 8A, 8B, or 8C , Enter zero.	9A			00
	B If Lines 8A, 8B, or 8C are greater than Lines 7A or 7B, Enter amount from Line 6.	9B			00

NOTE: For Section 6, 7, 8, and 9 the receipts of a disregarded entity/subchapter K entity, which may be a related entity in and unto itself, may not be combined with receipts of its owner for purposes of this schedule.

10 In order to qualify for the exemption presented in §40-18-35(b)(3), Line 9B must be greater than zero and an informed corporate officer must sign the statement below, executed under penalty of perjury. With respect to the transaction(s) giving rise to the related member's interest/intangible expenses and costs, including both the direct interest/intangible expense transaction(s) between the taxpayer and the related member and any prior organizational restructuring transaction(s) that facilitated such direct interest/intangible expense transactions, tax avoidance (which included the avoidance of a meaningful amount of Alabama tax) was not a principal motivating factor.

Signature Howard Smith

Date 04/15/2006

Title TRES/VP

11 Determining Your Exempt Amount

Exempt Amount. Enter the greater of Lines 4G, 5A, 9A or 9B.
(Enter this amount on Form 20C, Schedule A, Line 6b.)

11		00
----	--	----

THIS FORM MUST BE ATTACHED TO FORM 20C.

Instructions

Establishment of Qualification for §40-18-35(b) Exceptions

Pursuant to §40-18-35(b) and Regulation 810-3-35-.02, related member interest and/or intangible expenses must be added back to the taxpayer's apportionable income, unless the taxpayer "shows" or "establishes" that it satisfies an exception described in §40-18-35-(b) and Reg. 810-3-35-.02. If the taxpayer incurred related member intangible and/or interest expenses that were not added back to apportionable income on its Alabama Corporate Income Tax Return, it must establish that it satisfies an exception. The possible exceptions are listed below:

Section 4 – The recipient related member's corresponding item of income was, post-allocation and apportionment subject to a tax on net income in Alabama or another state or a foreign nation (of which, the recipient related member is a resident) which has in force an income tax treaty with the United States. §40-18-35(b)(1).

Section 5 – The taxpayer establishes that the add-back of interest and/or intangible expenses is unreasonable or the Commissioner of Revenue and the taxpayer have agreed, in writing, to an Alternative Adjustment Agreement. §40-18-35(b)(2).

Section 6 – The recipient related member is a) not primarily engaged in the acquisition, use, licensing, etc. of intangible property or the financing of related entities and b) the underlying transaction(s) giving rise to the related member intangible/interest expenses did not have as a principal business purpose the avoidance of Alabama tax. §40-18-35(b)(3).

partner's ownership percentage of the partnership.

Section 4 – Exemption related to §40-18-35(b)(1)

To verify that the related member intangible/interest expense qualifies for the exception in §40-18-35(b)(1), please provide the following:

- The jurisdiction(s) where the recipient related member is "subject to tax." The **recipient related member interest/intangible income must be "subject to tax" on a post-allocation and apportionment basis** in these jurisdictions. A document listing the applicable jurisdictions may be attached if the space provided is not sufficient. **Do not include consolidated/combined return jurisdictions where intercompany expenses are eliminated or are offset.**
- The amount of expense the taxpayer paid to the recipient related member, but is not required to add back pursuant to §40-18-35(b)(1).
- If the recipient related member files in a jurisdiction where intangible and/or interest income is allocated rather than apportioned, enter the amount of intangible and/or interest income allocated to this jurisdiction.
- Subtract the intangible/interest income allocated by the recipient related member on Line 4C from the total amount of interest and/or intangible expense paid by the taxpayer on Line 4B.
- Enter the sum of all recipient related member apportionment factors for the jurisdictions listed on Line 4A.
- Multiply the sum of all apportionment factors on Line 4E by the Adjusted Intangible/Interest Amount on Line 4D.
- Add the amount allocated to jurisdiction(s) on Line 4C and the amount apportioned to jurisdiction(s) on Line 4F.

General Instructions

- A separate Schedule AB must be completed for each recipient related member.
- If a partnership makes interest/intangible payments to a related member, Form AB must be attached to each partner's Form 20C.
- For partnership purposes, to determine Lines 2A and 2B, multiply the total interest/intangible payment by the

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

OMB No. 1545-0123

For calendar year 2005 or tax year beginning 02/01, 2005, ending 1/31, 20 06
▶ See separate instructions.

2005

A Check if:

- 1 Consolidated return (attach Form 851) ☐
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (see instructions) ☐
4 Schedule M-3 required (attach Sch. M-3) ☐

Use IRS label. Otherwise, print or type.

Name

ANYWHERE TELECOMMUNICATIONS INC

Number, street, and room or suite no. If a P.O. box, see instructions.

33 ANY STREET

City or town, state, and ZIP code

ANYTOWN, NC 58204-0000

B Employer identification number

11 0000003

C Date incorporated

05/12/2000

D Total assets (see instructions)

\$ **12802742**

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a	Gross receipts or sales	939118303	b	Less returns and allowances		c	Bal	▶	1c	939118303
	2	Cost of goods sold (Schedule A, line 8)					2	736399673			
	3	Gross profit. Subtract line 2 from line 1c					3	202718630			
	4	Dividends (Schedule C, line 19)					4	6028595			
	5	Interest					5	597859			
	6	Gross rents					6	5136000			
	7	Gross royalties					7	96416			
	8	Capital gain net income (attach Schedule D (Form 1120))					8	239270			
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	1724514			
	10	Other income (see instructions—attach schedule)					10	18898			
	11	Total income. Add lines 3 through 10					11	221560182			
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)				12	0				
	13	Salaries and wages (less employment credits)				13	76451413				
	14	Repairs and maintenance				14	3662466				
	15	Bad debts				15	2071809				
	16	Rents				16	38765783				
	17	Taxes and licenses				17	321569				
	18	Interest				18	31297389				
	19	Charitable contributions (see instructions for 10% limitation)				19	137115				
	20a	Depreciation (attach Form 4562)	20a	54419122							
	b	Less depreciation claimed on Schedule A and elsewhere on return	20b	54419122		20c	0				
	21	Depletion				21	0				
	22	Advertising				22	3860474				
	23	Pension, profit-sharing, etc., plans				23	1276				
	24	Employee benefit programs				24	23632317				
	25	Domestic production activities deduction (attach Form 8903)				25	67078628				
	26	Other deductions (attach schedule)				26					
	27	Total deductions. Add lines 12 through 26				27	247280239				
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28	-25720057				
Tax and Payments	29	Less: a Net operating loss deduction (see instructions)	29a	0							
	b	Special deductions (Schedule C, line 20)	29b	0		29c	0				
	30	Taxable income. Subtract line 29c from line 28 (see instructions if Schedule C, line 12, was completed)				30	-25720057				
	31	Total tax (Schedule J, line 11)				31	0				
	32	Payments: a 2004 overpayment credited to 2005	32a								
	b	2005 estimated tax payments	32b								
	c	Less 2005 refund applied for on Form 4466	32c			d	Bal	▶			
	e	Tax deposited with Form 7004	32e								
	f	Credits: (1) Form 2439 (2) Form 4136	32f			32g					
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>				33					
34	Tax due. If line 32g is smaller than the total of lines 31 and 33, enter amount owed				34						
35	Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid				35						
36	Enter amount of line 35 you want: Credited to 2006 estimated tax ▶ Refunded ▶				36						

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Howard Smith**04/15/06****CHIEF FINANCIAL OFFICER**

Signature of officer

Date

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

non paid preparer

EIN

Phone no. ()

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	177200
2	Purchases	2	494960
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	3429
6	Total. Add lines 1 through 5	6	675589
7	Inventory at end of year	7	143243
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	532346

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ►

b Check if there was a writedown of subnormal goods ☒

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☒

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members and certain FSCs		100	
12 Dividends from controlled foreign corporations (attach Form 8895)		85	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1 howard smith	999201989	100 %	100 %	%	0
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					0
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					0

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group <input type="checkbox"/>			
Important: Members of a controlled group, see instructions.				
2a	If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):			
	(1) \$	(2) \$	(3) \$	
b	Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$			
	(2) Additional 3% tax (not more than \$100,000) \$			
3	Income tax. Check if a qualified personal service corporation (see instructions) <input type="checkbox"/>		3	
4	Alternative minimum tax (attach Form 4626)		4	
5	Add lines 3 and 4		5	
6a	Foreign tax credit (attach Form 1118)	6a		
b	Possessions tax credit (attach Form 5735)	6b		
c	Credits from: <input type="checkbox"/> Form 8834 <input type="checkbox"/> Form 8907, line 23	6c		
d	General business credit. Check box(es) and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶	6d		
e	Credit for prior year minimum tax (attach Form 8827)	6e		
f	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912	6f		
7	Total credits. Add lines 6a through 6f		7	
8	Subtract line 7 from line 5		8	
9	Personal holding company tax (attach Schedule PH (Form 1120))		9	
10	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		10	
11	Total tax. Add lines 8 through 10. Enter here and on page 1, line 31		11	

Schedule K Other Information (see instructions)

	Yes	No		Yes	No
1	Check accounting method: a <input type="checkbox"/> Cash		7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?	<input checked="" type="checkbox"/>
	b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶			If "Yes," enter: (a) Percentage owned ▶	
2	See the instructions and enter the:			and (b) Owner's country ▶	
a	Business activity code no. ▶ 213110		c	The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶	
b	Business activity ▶ service		8	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/>	
c	Product or service ▶ telecommunication			If checked, the corporation may have to file Form 8281 , Information Return for Publicly Offered Original Issue Discount Instruments.	
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	<input checked="" type="checkbox"/>	9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$	
	If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1	
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	<input checked="" type="checkbox"/>	11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ <input type="checkbox"/>	
	If "Yes," enter name and EIN of the parent corporation ▶			If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.	
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)	<input checked="" type="checkbox"/>	12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ 0	
	If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100		13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?	<input checked="" type="checkbox"/>
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)	<input checked="" type="checkbox"/>		If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$	
	If "Yes," file Form 5452 , Corporate Report of Nondividend Distributions.				
	If this is a consolidated return, answer here for the parent corporation and on Form 851 , Affiliations Schedule, for each subsidiary.				

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L Balance Sheets per Books

		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		7267		2279
2a	Trade notes and accounts receivable	227457		232255	
b	Less allowance for bad debts	()	227457	()	232255
3	Inventories		177200		143243
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				1183
7	Loans to shareholders				
8	Mortgage and real estate loans		187584		187584
9	Other investments (attach schedule)	262786		280594	
10a	Buildings and other depreciable assets	(72214)	190572	(51366)	199588
b	Less accumulated depreciation				
11a	Depletable assets	()		()	
b	Less accumulated depletion		290000		290000
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	()		()	
b	Less accumulated amortization				
14	Other assets (attach schedule)				
15	Total assets		1080080		1056132
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year		233347		191095
18	Other current liabilities (attach schedule)		1870		1173
19	Loans from shareholders				9000
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock	1000	1000	1000	1000
	b Common stock				
23	Additional paid-in capital				
24	Retained earnings—Appropriated (attach schedule)		236833		248935
25	Retained earnings—Unappropriated				
26	Adjustments to shareholders' equity (attach schedule)		()		()
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		1080080		1056132

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)

1	Net income (loss) per books	-25720057	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books	0		Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				0
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$				
6	Add lines 1 through 5	-25720057	9	Add lines 7 and 8	0
			10	Income (page 1, line 28)—line 6 less line 9	-25720057

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	236833	5	Distributions: a Cash	
2	Net income (loss) per books	12102		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	248935	8	Balance at end of year (line 4 less line 7)	248935



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Anywhere Telecommunications Inc

11-0000003

Alabama 20C TYE 1/31/2006

Statement #1

Form 20C Schedule D-1 Line 8

Other/Tangible Property

Description	Alabama BOY	Alabama EOY	Everywhere BOY	Everywhere EOY
Oil & Gas Tools	\$1701338.	\$904193.	\$419094134.	\$463919005.
Total	\$1701338.	\$904193.	\$419094134.	\$463919005.